Statement of Catherine Howard
before the
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives

October 15, 2009

Mr. Chairman, Members of the Subcommittee:

Thank you for inviting me to testify today. My name is Catherine Howard and I'm from San Francisco.

Five years ago, I was working as a documentary film producer. I wasn't making a lot of money, but I knew that maintaining my health insurance was really important. I bought a health insurance policy I thought was perfect for a young, healthy person. And this private plan seemed affordable — only $140 a month — but I had no idea what it would really cost me. I was afraid I'd get hurt in some minor way, like snowboarding and need a few stitches—not that I'd be dealing with a life-threatening illness like cancer.

After my breast cancer diagnosis in August of 2004, I thought I was covered. I had done the right thing; I had insurance.

But I discovered that the health plan that I was paying for didn't cover a large part of the cancer care that I required, and I was on the hook for tens of thousands of dollars in uncovered expenses. I had chosen one of those low premium, but high deductible plans. I had to pay for 30 percent of all the services that the policy covered in the hospital. And it didn't even cover all the services I needed. I remember staring at the needle of one shot. It cost $2,100, and thinking, "I have to pay $600 dollars for this today."

I endured surgery, grueling chemotherapy and radiation treatments that left me too weak to work fulltime. I was told all along that the key to my recovery was to minimize stress in my life. Do you know how stressful it is to owe more money to the hospital than you've made in the last

year? As the expenses piled up, I was able to pay for some, but other bills I just put on my credit card, because I thought, "If I don't die, I will deal with this later."

Ultimately I wound up $100,000 in debt, between the medical expenses and the living expenses for while I was sick and couldn't work. By the end of my treatments, I owed $40,000 in medical expenses alone. I've been paying it off slowly, using payment plans and my credit cards. Rather than saving money for a down payment on a house, buying a car, or even having a savings account, I spend $1,800 a month, essentially every penny I have after the basics, to pay off what I owe. I live like a pauper to pay for the privilege of surviving cancer.

People have asked me why I don't just declare medical bankruptcy and wash my hands of the debt. But bankruptcy to me has always seemed like a cop-out. And I don't cop-out on my commitments. I have made recovering from cancer my mission for the last five years. Now, my mission is to get out of debt. I think it will take me about seven years to pay off this debt, the same time it would take to restore my credit if I were to declare bankruptcy.

I'm fortunate that my current employer offers comprehensive health insurance, because as a cancer survivor I'm completely uninsurable in the individual market. If I went back on the open market and tried to buy myself health insurance, even the same crummy coverage I had before, they wouldn't cover me because I have a pre-existing condition.

The kind of health reforms in the House proposal would have kept me out of this devastating debt and the financial circumstances that I'm now in, despite my own best efforts. Limiting annual out-of-pocket costs and prohibiting junk policies will save other young people from facing the same circumstances I'm in now.

People like me, working to build our careers, we need a real choice for affordable, reliable coverage. Thank you.

For the record, I'd like to comment on a couple other provisions I understand are under debate.

<u>First affordability is key</u>. If Congress is going to require people to get insurance—and that is the only way that prohibiting pre-existing conditions makes economic sense—

then the policies have to be good and the costs affordable. The Senate Finance Committee bill fails in these areas. Basically ending help for deductibles and co-pays for people above 200% of poverty (about $29,000 for a couple)and capping premium subsidies at 300% of poverty just doesn't work for people in a high cost area like San Francisco or many other cities—like the areas represented by Congresspersons Markey, DeGette, Doyle, Schakowsky, Green, and Sutton. I hope you stand by the House bill's benefit assistance levels.

Second, consumers need more help in selecting a good insurance policy. I want to thank Dr. Burgess of this Subcommittee for his amendment spelling out the details of consumers' rights to appeal a decision by a plan and to get an expedited decision. I hope the House can adopt a provision from the Senate HELP Committee bill, section 3101, that requires standard definitions of insurance and medical terms so that consumers can really compare 'apples-to-apples.' And that Section also requires the plans to offer scenarios of what it would cost to get treatment for certain common conditions—like breast cancer. Even though the different plans are supposed to be actuarially equivalent within certain tiers, the way plans meet that standard can provide enormously different levels of protection. Scenarios make it plain to consumers like me what kind of plan I am really buying into.

I urge you to consider an amendment that Consumers Union has been advocating. Require the administrator of the insurance Exchange to provide confidential, personalized estimates of the total annual cost of different plans. Just having the premium information is not enough. With today's electronics one could provide an estimate of a plan's total cost, based on a person's assessment of their health as good, fair, or poor. Once the Exchange program is up and running, more refined estimates could be provided based on your previous year's health history. Recognizing that estimates of future medical spending are imperfect, these estimates are still more useful than premiums alone. Consumers Union has hard data that shows that giving people estimates of their total annual costs in the Medicare Drug plan causes people to pick better plans for themselves and saves consumers about $1/7^{th}$ of what they would spend if they picked a drug plan just on the basis of it being the lowest premium. These Medicare Drug savings also save taxpayers money because less subsidy money is needed. If this simple

disclosure of data saves tons of money in Medicare Part D, the same principle could save everyone money in health insurance. It is an idea worth considering if you are trying to lower costs and help consumers.